

LOCKED OUT 2.0

REVERSING FEDERAL HOUSING FAILURES
AND UNLOCKING OPPORTUNITY



CONGRESSMAN
EARL BLUMENAUER

NOTE FROM CONGRESSMAN EARL BLUMENAUER – UPDATED 2022

When I first released this report in September 2019, I was overwhelmed by the positive response from both my congressional colleagues as well as local leaders and activists.

At the time I felt incredible optimism that we might finally be able to tackle this growing crisis, which was taking place in every major American city. But a few short months later we were derailed by a global pandemic that changed everything and exacerbated all of the crises we were facing, especially in housing.

As we moved past the disastrous Trump administration and into a new era, some of the proposals in my 2019 report were dealt with by the Biden administration and others were passed into law in one or more of the COVID-19 relief packages. The federal government has invested nearly \$85 billion toward emergency housing and homelessness assistance and enacted a moratorium on evictions since the start of the pandemic. But you would not know it when looking at our community. It's time to rededicate ourselves and force all levels of government, starting with the federal government, to be a full partner in fixing the housing crisis that we face.

In Oregon, the voters stepped up and passed two significant housing measures to provide funding to deal with this issue. Unfortunately, I share the concerns of many who feel like the people charged with implementing these measures are working too slow and progress must come quicker.

My commitment by releasing this updated report and legislative agenda is to do everything I can to get the federal government back in the game, build on the investments made over the last two years, and to actually start solving the problem instead of just talking about it.

As always, I look forward to hearing your thoughts and ideas.

Courage,



Earl Blumenauer
Member of Congress

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AFFH	Affirmatively Furthering Fair Housing
BMIR	Below Market Interest Rate
CDBG	Community Development Block Grant Program
ESG	Emergency Solutions Grant Program
FHA	Federal Housing Administration
FHAP	Fair Housing Assistance Program
FHIP	Fair Housing Initiatives Program
HOPWA	Housing Opportunities for Persons With AIDS
HUD	Department of Housing and Urban Development
LIHTC	Low-Income Housing Tax Credit
Pub.L	Public Law
RAD	Rental Assistance Demonstration
USICH	United States Interagency Council on Homelessness
VA	Department of Veterans’ Affairs

EXECUTIVE SUMMARY

Communities large and small have long faced a housing affordability crisis, and then the COVID-19 pandemic hit and made things even worse. To effectively address this problem, we must understand its roots, and acknowledge that it did not suddenly manifest by itself. Rather, it is the result of decades of deliberate choices from policymakers who scaled back the federal government's partnership on housing in favor of other priorities.

From President Franklin D. Roosevelt's New Deal to President Lyndon B. Johnson's War on Poverty, the federal government was an active partner in investing in housing programs to provide homes for struggling Americans, particularly if they were white. As poverty rates declined for white families, so did federal assistance for housing communities of color that remained in poverty. Congress and the Nixon, Reagan, and, to a lesser extent, Clinton administrations all worked to systematically shift federal housing policies to be smaller, focused on rental assistance rather than construction, and ultimately less impactful.

These deliberate choices led us to today's crisis: middle class families struggling to buy their first home, renters who can barely make rent, chronic homelessness, and centuries of systemic racism on full display in our daily lives.

In the wealthiest country on Earth, roughly 580,000 people experience homelessness every night¹ and nearly half of renters are paying more than 30% of their income in rent.² The United States has a shortage of nearly seven million rental homes available to extremely low-income renters and there isn't a single state that has an adequate supply of affordable rental homes.³ Affordable housing is often out of reach, particularly for workers earning around the minimum wage. We all know people or families who must stretch their budgets to pay one-third or one-half of their income for a home. That is unacceptable.

We need a reset. This report details suggested solutions for five of our most vexing housing policy challenges:

- **Public Housing:** Once a major source of affordable housing for low-income Americans, Congress has artificially capped the construction of new public housing for the past 20 years.
- **Homelessness:** Most of the country's "successful" communities have thousands of people experiencing homelessness due to astronomical rent increases, job loss, eviction, or mental illness.
- **Renter Relief:** Rental prices have skyrocketed at a much faster pace than incomes, leaving millions of renters pinching pennies just to get by.
- **Equitable Homeownership:** The federal government's largest housing expenditure is the Mortgage Interest Deduction, which is targeted at the wealthiest Americans. There are few tools for helping traditionally marginalized communities purchase their first home.
- **Fair Housing:** Centuries of discrimination left communities segregated and unequal. The federal government has not established the support structures to remedy the burden it caused.

¹ National Alliance to End Homelessness. (n.d.). State of Homelessness: 2021 Edition. Retrieved from <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-2021/>

² Joint Center for Housing Studies of Harvard University. (2021). The State of the Nation's Housing. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

³ National Low Income Housing Coalition. THE GAP: A Shortage of Affordable Homes: March 2021. Retrieved from https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf

INTRODUCTION

There is a housing crisis in virtually every community across America, even in the most economically successful cities. One of the main causes of the crisis has been federal housing policies, or lack thereof.

In the wealthiest country on Earth, approximately 580,000 people experience homelessness every night⁴ and nearly half of renters are paying more than 30% of their income in rent.⁵ Nationwide, individuals must earn \$20.40/hour to rent an average one-bedroom home and meet the Department of Housing and Urban Development's (HUD) affordability standard of paying less than 30% of income toward housing.⁶

It's not that we aren't spending money to subsidize housing. Estimates show that the federal government will average more than \$25 billion a year in tax expenditures toward the Mortgage Interest Deduction alone through fiscal year 2024.⁷ Not to mention, there are billions more in expenditures on various housing tax incentives for developers, landlords, and homeowners. It is unfair that these subsidies are concentrated among those who need the least help.

Anyone who studies the painful facts and history clearly sees that the federal government has been active in housing and land development since taking land away from Native Americans through force and treaty, which are often the same thing. The United States allocated vast tracts of land to mostly white settlers starting with the Northwest Ordinance, continuing to the Homestead Act, and beyond.

In times of special need, the federal government provided direct investment in housing construction, like for workers during World Wars I and II, and for veterans returning from World War II. Usually, however, the policies and behaviors of the federal government reflected the overt and institutional racism of the times. One of the most comprehensive pictures that I've seen of the racist past is Richard Rothstein's *The Color of Law*. He paints a damning portrait of this history:

“Government's commitment to separating residential areas by race began nationwide following the violent suppression of Reconstruction after 1877. Although the Supreme Court in 1917 forbade the first wave of policies—racial segregation by zoning ordinance—the federal government began to recommend ways that cities could evade that ruling, not only in the southern and border states but across the country. In the 1920s a Harding administration committee promoted zoning ordinances that distinguished single-family from multifamily districts. Although government publications did not say it in as many words, committee members made little effort to hide that an important purpose was to prevent racial integration. Simultaneously, and through the 1920s and the Hoover administration, the government conducted a propaganda campaign directed at white middle-class families to persuade them to move out of apartment and into single-family dwellings. During the 1930s the Roosevelt administration created maps of every metropolitan area, divided into zones of foreclosure risk based in part on the race of their occupants. The administration then insured white homeowners' mortgages if they lived in all-white neighborhoods into which there was little danger

⁴ National Alliance to End Homelessness. 2021 Edition. Retrieved from <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-2021/>

⁵ Joint Center for Housing Studies of Harvard University. (2021). *The State of the Nation's Housing*. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁶ National Low Income Housing Coalition. *Out of Reach: The High Cost of Housing*. (2021). Out of Reach. Retrieved from https://nlihc.org/sites/default/files/oor/2021/Out-of-Reach_2021.pdf

⁷ *Estimates of Federal Tax Expenditures for Fiscal Years 2020-2024* (JCX-23-20, p. 30). (2020). Washington, DC: Joint Committee on Taxation.

of African Americans moving. After World War II the federal government went further and spurred the suburbanization of every metropolitan area by guaranteeing bank loans to mass-production builders who would create the all-white subdivisions that came to ring American cities.”⁸

These actions had profound economic consequences for generations of Black families who were denied the opportunity to accumulate wealth through homeownership, while white Americans accumulated generation after generation of wealth.

No single federal policy, program, or local action created this crisis. Generations of increasingly restrictive housing and zoning policies in addition to a systematic reduction in federal funding for new construction had visibly significant consequences. The decades-long federal decline in affordable housing programs occurred as rents outpaced wage growth, communities recovered unequally from the recession, and affordable housing supply declined. The federal government played a clear role in creating this mess, and now it has a responsibility to help create the solution.

Today’s primary challenge in housing policy for all demographic groups is affordability. Every two years, HUD releases a report on “worst case” housing needs for renters with very low incomes. The latest report found 7.77 million very low-income renters with “worst case” housing needs, nearly 95% of which were due to severe rent burdens.⁹ Rental affordability is a serious concern across income levels and geographic locations. The HUD definition of “affordable” housing is if a housing unit costs no more than 30% of a household’s income. An estimated 20.4 million renters (46 percent) are “cost burdened,” meaning they are paying more than 30% of their income in rent.¹⁰ Nearly a quarter of all renters are “severely cost-burdened,” paying more than 50% of their income in rent.¹¹ In 2019, more than 80% of renter households with incomes below \$25,000 were cost burdened and the large majority were “severely cost burdened.”¹² Renter households felt significant impacts from the COVID-19 pandemic, with the Census Bureau surveys showing the more than half of all renter households lost income between March 2020 and March 2021.¹³

While new rental and privately-owned homes are constantly being built, the private sector is heavily focused on higher-income households and higher rents. The median asking price to rent a unit completed in the first quarter of 2020 is \$1,715, a 6.9% increase from \$1,604 the same period in 2019.¹⁴ About one in five newly built apartments had an asking rent of at least \$2,450, whereas only 12% had asking rents below \$1,050. Since the housing market turmoil of the late

⁸ Rothstein, R. (2017). *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright Publishing.

⁹ U.S. Department of Housing and Urban Development Office of Policy Development and Research. (2021, September). Worst Case Housing Needs 2021 Report to Congress. Retrieved from <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs-2021.pdf>

¹⁰ Joint Center for Housing Studies of Harvard University. (2021). The State of the Nation's Housing. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

¹¹ Ibid.

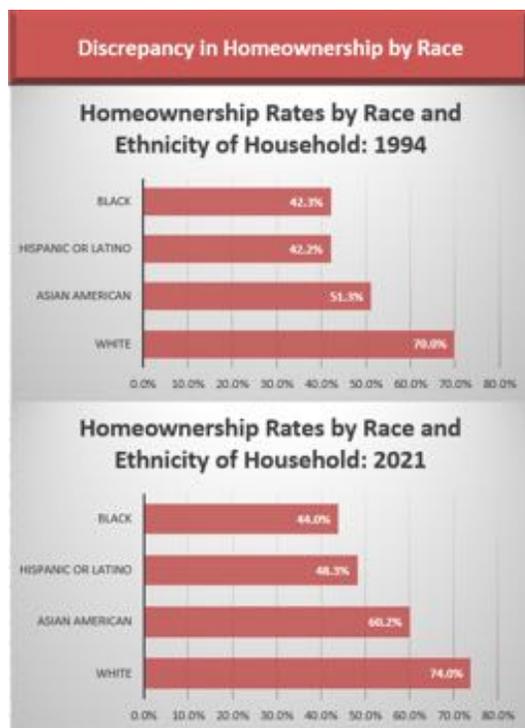
¹² Ibid.

¹³ Ibid.

¹⁴ Joint Center for Housing Studies of Harvard University. (2022). America's Rental Housing 2022. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2022.pdf

2000s, the share of renter households has increased and construction has not kept pace, leading to vacancy rates under 6% during the third quarter of 2021¹⁵ and rising rents.

While the market fails to produce an adequate supply of affordable housing, the federal government has stopped being an active part of the solution. During the Great Depression, President Franklin Roosevelt included the construction of public housing as part of his New Deal agenda. Millions of soldiers returning home from war were greeted with new homeownership programs and a second wave of public housing construction that continued into the 1970s. Bear in mind that these programs were undercut by blatant discrimination and racism toward Black Americans.



During the Nixon and Reagan administrations, the federal government’s focus shifted away from new construction and toward rental assistance and vouchers. Decades of federal assistance to renting affordable homes, not constructing affordable homes, combined with federally-constructed affordable homes reverting to market-rate housing has stranded the most vulnerable populations. Communities are ill equipped to provide affordable housing for low-income renters because the federal government dramatically slowed subsidies for new construction.

The Great Recession from 2007 to 2009 dramatically impacted lower-income Americans, particularly frontline communities. History has shown that communities of color are the first to feel the impact and last to recover from economic downturns. For instance, Black Americans—who were prevented from accumulating generational wealth in the form of property for more than 200 years—lost a decade worth of homeownership gains during the Great Recession.¹⁶

While homeownership rates for white, Hispanic, and Asian American households have increased modestly in the last 20 years, the homeownership rate for Black American households was nearly identical in 2021 as in 1996.¹⁷ The Federal Reserve Board estimates that the total value of U.S. owner-occupied housing increased by 91%, from \$18.5 trillion to \$35.5 trillion, between the end of 2012 and end of 2021.¹⁸ Lower homeownership rates among communities of color further an ever-widening income and racial wealth gap.

¹⁵ United States Census Bureau. Quarterly Residential Vacancies and Homeownership, Third Quarter 2021 (2021). Washington, DC.

¹⁶ U.S. Census Bureau, Homeownership Rates by Race and Ethnicity: Black Alone in the United States [BOAAAHORUSQ156N], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/BOAAAHORUSQ156N>

¹⁷ Ibid.

¹⁸ Board of Governors of the Federal Reserve System (US), Households; Owner-Occupied Real Estate Including Vacant Land and Mobile Homes at Market Value, Market Value Levels [HOOREVLMHMHV], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/HOOREVLMHMHV>

The future of housing policy faces new challenges of shifting demographics and a changing climate. Single-person households have increased by 6 million, or 22%, since 2000.¹⁹ This is projected to increase, meaning more renters in a housing market that is already struggling to meet renters' needs. By 2030, there will be nearly 47 million heads of households over 65, an increase of 20 million from 2015.²⁰ Households with heads over 65 have challenges working and greater need for integrated services. Finally, the climate crisis has already made some areas of the world untenable for human inhabitants. This trend will become more pronounced, creating a wave of climate refugees that will put increased pressure for affordable housing in select regions.

We need a reset. While some cities and states are working to pass bond measures, create new programs, and enact tenant protections, it clearly isn't enough. The federal government must continue to step in and step up. Unfortunately, the United States has misplaced priorities. We are projected to spend \$2 trillion on nuclear weapons in the coming decades.²¹ We have wasted more than a trillion dollars on the failed war on drugs,²² enacted the largest transfer of wealth in our nation's history in the form of a \$2.3 trillion tax cut benefitting those who need it the least,²³ and recently approved another tax break worth more than \$135 billion that primarily benefits real estate investors making more than \$1 million under the guise of COVID-19 relief.²⁴ To make up for decades of inaction and centuries of discrimination, we must take immediate steps that are bold and transformative.

¹⁹ Been, V., Ellen, I. G., & O'Regan, K. (2019). Supply skepticism: Housing supply and affordability, *Housing Policy Debate*, 29(1), 25–40.

²⁰ Ibid.

²¹ Ploughshares Fund. (2019). The Real Cost of Nuclear Weapons. Retrieved from <https://www.ploughshares.org/real-cost-nuclear-weapons>

²² Pearl, B. Ending the War on Drugs: By the Numbers. Retrieved from <https://www.americanprogress.org/issues/criminal-justice/reports/2018/06/27/452819/ending-war-drugs-numbers/>

²³ Rogers, D. (2018, February 28). POLITICO analysis: At \$2.3 trillion cost, Trump tax cuts leave big gap. Retrieved from <https://www.politico.com/story/2018/02/28/tax-cuts-trump-gop-analysis-430781>

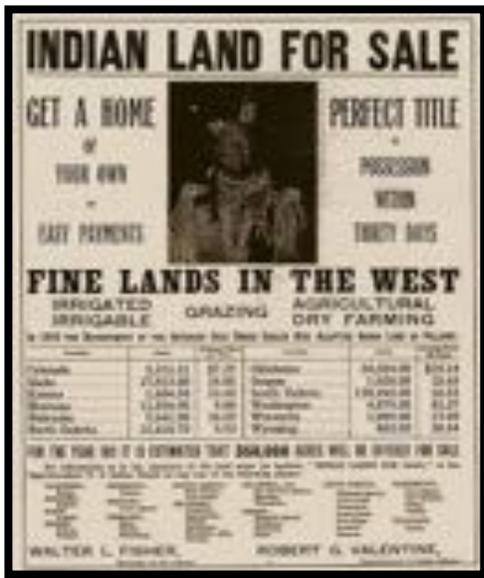
²⁴ Estimated Revenue Effects Of The Revenue Provisions Contained In An Amendment In The Nature Of A Substitute To H.R. 748, The "Coronavirus Aid, Relief, And Economic Security ('Cares') Act (JCX-11R-20, p. 2). (2020). Washington, DC: Joint Committee on Taxation.

HISTORY OF FEDERAL ROLE IN HOUSING

The federal government was involved in housing policy long before the creation of HUD or even the signing of the Constitution. The genesis of today's federal housing policy began when the first Europeans landed in what is now the United States.

From the first encounter between Native Americans and European colonizers, governments have subsidized housing for some while excluding others. Subsidized housing was constructed throughout the 17th and 18th centuries on the backs of enslaved Africans who were forcibly brought to the United States and at the expense of Native Americans whose ancestors lived here for millennia.

For decades, white Americans fought Native Americans living on land they wanted, and to which they believed they were entitled. As the United States grew and white settlers saw the Native-held land in the south as economically valuable for growing cotton, Congress and President Andrew Jackson enacted the Indian Removal Act to provide for the exchange of Native-held land for land farther west. Jackson began a cruel campaign of forcibly removing Native Americans in a genocidal "Trail of Tears." Similar tactics continued in future efforts to encourage western migration, such as the Homestead Act that detailed how settlers (virtually all white) could obtain title to land previously promised to Native Americans.



Advertisement for Native American land sale by U.S. Department of Interior

The federal government has a history of discriminating against many different groups at various times including Catholics, Eastern Europeans, Jewish people, Asian Americans, Latinx populations, and more. Nowhere, however, has the pattern been more brutal and unfair than treatment of Black Americans.

For more than 400 years, European settlers (and later the United States government) systematically denied Black Americans access to the chief source of wealth for American families: property. White Americans in the South made a mockery of the promise of 40 acres and a mule as they intimidated and terrorized recently freed slaves and instituted Black Codes to restrict their freedom to be part of society.

Homes provided for Black workers during World War I were shoddier than those provided for whites. Black Americans faced discrimination in applying for home loans insured by the Federal Housing Administration. The Veterans Administration blatantly discriminated against Black Veterans. Thousands of localities enacted racially restrictive covenants that mandated segregated housing developments. These actions have had lasting impacts. The vestiges of unequal treatment in housing based on race remain evident today in communities across America.

While restricting the ability for some to own or rent a home, the federal government has proactively provided housing for others, particularly white Americans. Today's housing assistance programs can be traced back to the Great Depression and President Franklin Roosevelt's New Deal. In the depths of the Great Depression, Congress passed the Housing Act of 1934 (Pub. L. 73-479). The Act created a Federal Housing Administration to insure mortgage lenders against losses on home improvement loans. These loans helped subsidize neighborhoods built entirely for white Americans, with explicit requirements that none of the homes be sold to Black families. At the same time, President Roosevelt added a housing division to the Works Progress Administration to build multifamily homes for low-income families to live. Access to homes was unequal and segregated by race.



Riot at Sojourner Truth federal housing projects. Detroit, Michigan. February 1942

At the conclusion of the Great Depression, Congress replaced the Works Progress Administration's housing division in the U.S. Housing Act of 1937 (Pub. L. 75-142). In its place was a new United States Housing Agency—which would eventually become HUD. The law also established a public housing program, encouraging states to establish Public Housing Authorities that would apply for federal funding to construct and maintain affordable housing for low-income white families.

After millions of servicemembers returned at the end of World War II, there was a significant postwar shortage of housing. State, congressional, and presidential campaigns all focused on the shortage. Housing was even highlighted in President Harry Truman's first State of the Union Address in 1949, where he called for Congress to "enact the provisions for low-rent public housing, slum clearance, farm housing, and housing research which I have repeatedly recommended."²⁵ He got his wish in the Housing Act of 1949 (Pub. L. 81-171). The Act established a billion-dollar urban redevelopment and slum clearance program, reactivated public housing for low-income Americans (which was placed on hold during the war), and expanded the Federal Housing Administration's mortgage insurance program to promote homeownership. Black families would continue to be denied access to federal programs as well as the right to buy homes in white neighborhoods, even if they could afford it. If they were able to buy a home in a white neighborhood, they faced fierce opposition and sometimes violence. The Housing Act of 1949 was the last major piece of federal housing legislation that increased direct housing assistance for construction. Congress would soon shift to subsidizing private rental developments.

Throughout the 1950s, federal housing assistance was primarily focused on public housing. These homes served a mostly poor population but left a gap in the housing market for moderate-income families whose incomes were too high for public housing but too low to afford market-rate housing. The Housing Act of 1959 (Pub. L. 86-372) attempted to fill this gap by providing incentives to private developers to build housing that would be affordable to both low- and moderate-income Americans. The Act also created the Section 202 Housing for Elderly Program that provides low-interest loans to nonprofit developers to build affordable housing for

²⁵ Truman, H. S. (1964). *Public Papers of the Presidents of the United States, Harry S. Truman, 1949*. Washington, DC: United States Government Printing Office, 2.

moderate-income people ages 62 and older. The Housing Act of 1961 (Pub. L. 87-70) and the Housing and Urban Development Act of 1965 (Pub. L. 89-117) expanded subsidies to private developers to provide affordable housing through the creation and expansion of the Below Market Interest Rate (BMIR) housing program. The BMIR program provided low-interest loans to developers to construct affordable housing and was later expanded to cap the rents of participating tenants at 20% of their income. Finally, the Housing and Urban Development Act of 1968 (Pub. L. 90-448) created the Section 236 program to subsidize private developers' interest payments if they agreed to provide affordable housing for low-income tenants. These very favorable loan terms carried an incentive for developers and a threat to communities in the years to come. At the end of the loan, the commitment for affordable rents expired. Decades later, blocks of affordable homes were reverted to market-rate and tens of thousands of homes for low-income people saw dramatic rent increases.

Construction of affordable housing was prolific during the 1960s, even as the federal government ceded much of affordable housing development to the private sector. The reforms of the late 1950s and 1960s helped build more than 700,000 rental homes,²⁶ subsidized nearly 400,000 homeowners,²⁷ and constructed approximately one million homes in public housing developments by the 1970s.²⁸ Despite these impressive numbers, all of these programs in one way or another discriminated against Black Americans.

In the wake of the Civil Rights Act of 1964 (Pub.L. 88-352) and the Voting Rights Act of 1965 (Pub.L. 89-110), Congress enacted the Housing and Urban Development Act of 1968 (Pub.L. 90-448) and the Fair Housing Act as part of the Civil Rights Act of 1969 (Pub.L. 90-284). Designed to appease Black Americans who wanted to enjoy the benefits of homeownership, the Housing and Urban Development Act of 1968 established new rental and homeownership programs for lower-income families. A down payment cost only \$200, a buyer's mortgage was linked to income, not home value, and the interest on the loan was capped at one percent, paid for by federal subsidies.

In May 1968, then-Vice President Richard Nixon revealed his own motivations behind the law saying, "people who own their own homes don't burn their own neighborhoods;" he continued "[t]he old way—the Government way—will no longer do." As it turned out, this new way provided a boon to banks and real estate investors and gave way to predatory lending and racial discrimination. Speculators bought homes in terrible conditions and flipped them. FHA appraisers signed off on bloated appraisals, which banks accepted because the federal government pledged to pay off any defaulted loans. In turn, many Black homeowners bought homes that were both older and more expensive homes than their white peers. Ultimately, this predatory program led banks and real estate agents to steer Black homebuyers away from neighborhoods with better housing prices and toward unaffordable homes, which inevitably resulted in tens of thousands of foreclosures.

²⁶ Econometrica, Inc., M., Abt Associates, Inc., M., Finkel, M., Hanson, C., Hilton, R., Lam, K., & Vandawalker, M., Multifamily Properties: Opting In, Opting Out and Remaining Affordable (2006). Retrieved from https://www.huduser.gov/Publications/pdf/opting_in.pdf

²⁷ United States Department of Housing and Urban Development, Housing in the Seventies: A Report of the National Housing Policy Review (1974). Retrieved from <https://www.huduser.gov/portal/Publications/pdf/HUD-968.pdf>

²⁸ United States Department of Housing and Urban Development, Annotated Tables for 2001 Budget, 86.

Similarly, the Fair Housing Act prohibited discrimination in the sale, rental, or financing of housing based on race, color, religion, national origin, sex, familial status, or ability. It also required HUD to affirmatively further fair housing practices that prevent segregation, ensure housing is available to everyone, and make it illegal to deny public housing assistance or segregate residents based on race.²⁹ Many developers and public housing authorities blatantly ignored the law and continued to discriminate for decades. The discrimination continues today.

Affirmatively Furthering Fair Housing (AFFH) Rule

Beyond the prohibition of housing discrimination, the Fair Housing Act also required that “all executive departments and agencies shall administer their programs and activities relating to housing and urban development...in a manner affirmatively to further the purposes of [the Fair Housing Act].”³⁰ This requires agencies to undo historic patterns of segregation and discrimination while continually promoting more inclusive communities. In practice, AFFH required local governments to certify they were affirmatively furthering fair housing by conducting an analysis to fair housing impediments and taking steps to remove those impediments, which could be as aggressive or passive as they wanted.



In 2015, the Obama administration proposed strengthening AFFH by improving the process that communities use to analyze fair housing impediments. Local governments were required to submit a comprehensive plan to HUD that identified the conditions and contributing factors restricting choice or access to economic opportunity in their housing programs, and then act. In July 2020, the Trump administration rescinded the 2015 rule. I worked with my colleague Rep. Alexandria Ocasio-Cortez to introduce and pass an amendment in the House of Representatives to block Trump’s rescission. Since then, the Biden administration acted in June 2021 to reimplement Affirmatively Furthering Fair Housing protections.

President Richard Nixon was highly critical of housing programs, ostensibly because of concerns around cost, efficacy, and equity. In January 1973, President Nixon declared a moratorium on all new activity under existing housing subsidy programs, arguing that the programs were “very wasteful” and “reward dependence and discourage self-reliance.”³¹ Activities slowly restarted as a result of federal lawsuits and congressional interest, but the

²⁹ Public Law 90-284

³⁰ Public Law 90-284

³¹ Nixon, R. (1975). *Public Papers of the Presidents of the United States, Richard Nixon, 1973*. Washington, DC: United States Government Printing Office, 807.

moratorium gave the Nixon administration time to devise a monumental shift in federal housing policy from construction to rental assistance.

The Housing Act of 1974 (Pub. L. 93-383) created a low-income rental assistance program, known as Section 8, to provide private property owners monthly assistance payments for new or substantially rehabilitated rental homes. In exchange for these payments, property owners agreed to rent to eligible low-income families with incomes at or below 80% of area median income (whereas the HUD definition of “extremely low-income” is a family with an income at or below of 30% of the median income in their area).

Within 10 years, cost concerns from President Ronald Reagan led to changes to the Section 8 program in the Housing and Urban-Rural Recovery Act of 1983 (Pub. L. 98-181). These changes degraded the quality of affordable Section 8 housing by prohibiting HUD from entering into Section 8 contracts in new or substantially rehabilitated rental homes. The Act also established a pilot program, made permanent in 1985, to test a modified use of Section 8 that gave families vouchers for housing in the private sector. Today, this Tenant-Based Section 8 voucher program is HUD’s top expenditure, receiving nearly \$26 billion in Fiscal Year 2021.³²

The consequences of shifting federal priorities from construction subsidies to rental assistance quickly became apparent. Between 1976 and 1982, federal housing programs produced more than one million subsidized rental homes but in the following years only averaged 25,000 new subsidized homes annually.³³ As the federal government reduced its role in subsidizing affordable housing construction, many white Americans were already lifted out of poverty and communities of color had fewer opportunities for affordable homes.

The Reagan administration also reoriented priorities from domestic support programs toward spending cuts and relegating federal programs to the states. As a result, federal assistance for new housing drastically declined between 1982 and 1988. Congress endorsed this decline and passed policies designed to provide more local control. An example of this is the Low-Income Housing Tax Credit (LIHTC). LIHTC was created as part of President Reagan’s sweeping Tax Reform Act of 1986 (Pub.L. 99-514). The program allocates federal tax credits to states for the construction of housing for low-income Americans. States are given discretion in setting priorities for the use of LIHTC credits. LIHTC is one of the most effective low-income housing programs today for constructing affordable homes. In the following years, Congress created flexible block grants to help localities with homeless assistance, homeownership assistance, rental assistance, and assistance for Native American tribes.

Throughout the 1980s and 1990s, the cost to maintain public housing rose and federal funding failed to keep pace. Public housing fell into disrepair and the public became concerned about dangerous, unsafe conditions at public housing developments.

³² Public Law 116-260.

³³ The National Housing Task Force (March 1988). A Decent Place to Live. Retrieved from <https://www.huduser.gov/portal/Publications/pdf/HUD-5830.pdf>



Public housing community. Portland, Oregon



Cabrini Green public housing community. Chicago, Illinois

In a cruel twist of irony, public outcry about dangerous and unsafe housing conditions was one of the reasons for the initial construction of public housing in the early 20th century. Instead of committing federal resources to address the problem, Congress was influenced by the welfare reform debates of the mid-1990s and opted to set a cap on public housing. I successfully passed an amendment in the House to repeal this cap in 2020, which was frustratingly not adopted by the Senate. As a result of the Senate’s failure, the so-called “Faircloth Amendment” remains in effect today and prohibits the construction of public housing if it would result in a net increase of homes that a Public Housing Authority owned, assisted, or operated on October 1, 1999. In the 10 years following passage of the Faircloth Amendment, available public housing declined by more than 10%.³⁴ The Rental Assistance Demonstration program furthered the decline by allowing Public Housing Authorities to remove properties from the public housing program and receive Section 8 rental assistance instead.

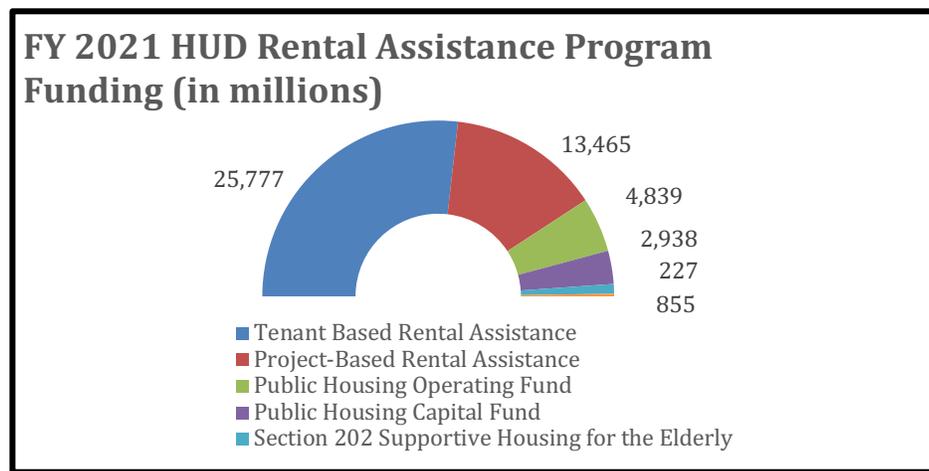
³⁴ Congressional Research Service. (2019, March 27). Overview of Federal Housing Assistance Programs and Policy, 33.

TODAY'S HOUSING PROGRAMS

Federal housing assistance programs are primarily administered by HUD, additional assistance to rural communities is provided by the Department of Agriculture, and tax incentives are administered by the Department of the Treasury. Today's system for providing housing assistance to low-income Americans is roughly divided into three categories: rental housing assistance, federal assistance to state and local governments, and housing finance.

Rental Assistance

Rental assistance programs combine to serve nearly ten million individuals in more than 4.5 million households³⁵ and account for most direct federal housing program expenditures.



The largest rental assistance program is the **Section 8 Housing Choice Voucher** program. Vouchers are administered by Public Housing Authorities and provide rental assistance for low-income families to choose a home in the private market.

While Congress has authorized and funded roughly two million vouchers, waitlists in some areas can be months, or even years, long. In especially competitive markets, an available home for a person with a voucher may not be available. Over time, the number of Section 8 vouchers subsidized by the federal government has grown while the total number of homes the federal government subsidizes has shrunk.³⁶ This is largely attributed to Congress' shift from construction subsidies to rental assistance vouchers, which has contributed to communities not having enough affordable homes.

The next largest program is **Project-Based Section 8 Rental Assistance** where HUD enters contracts with private landlords to rent homes to eligible low-income tenants for an income-based rent, and HUD agrees to pay the difference.

Congress also funds public housing through the **Public Housing Operating Fund** and the **Public Housing Capital Fund**. The operating fund helps cover day-to-day costs and the capital

³⁵ United States Department of Housing and Urban Development. (2021). *Assisted Housing: National and Local*. Retrieved from <https://www.huduser.gov/portal/datasets/assthsg.html#2009-2021>.

³⁶ Congressional Research Service. (2019, March 27). Overview of Federal Housing Assistance Programs and Policy, 33.

fund helps with modernization needs. As mentioned, the number of homes in public housing was capped to those in owned, assisted, or operated as of October 1, 1999. Public Housing Authorities are authorized to convert public housing developments with HUD's approval through the **Rental Assistance Demonstration (RAD)** program, so long as existing residents are provided with Section 8 Housing Choice Vouchers. It is important that any RAD conversion serves very low-income populations, there is public ownership or control of properties, the physical and financial condition of the properties improves, and public and private resources are optimized for residents. Without these elements, residents may not be as well-served as they would be in more traditional public housing.

One of largest consequences of the lessened federal role in the production of affordable homes is the added pressure to maintain the affordability of existing homes. Many of the HUD-subsidized homes that were developed in the 1960s and 1970s carried a guarantee of affordability for a certain period—often 15 years but sometimes as long as 30 years. As these contracts expired, the federal government was simultaneously retreating in funding construction of new affordable homes, instead opting to inadequately fill the gap with Section 8 vouchers. Large numbers of people with Section 8 vouchers, combined with a low supply of affordable housing, created a void that cities and states are unable to fill.

Other rental assistance programs include the **Section 202 Supportive Housing for the Elderly**, the only federal housing program exclusively for low-income elderly households; the **Section 811 Housing for Persons with Disabilities Program**; and Department of Agriculture's **Section 521 Rental Assistance Program**.

Renters and COVID-19

Countless families and households experienced turmoil and housing uncertainty during the COVID-19 pandemic. The link between health and housing was never clearer as we isolated in our homes to reduce the spread of COVID-19. Those experiencing homelessness, eviction, or housing instability are at an increased risk of exposure and face difficulty in complying with public health notices.

For renters, whose access to safe housing is dependent on their ability to pay next month's rent, the pandemic was especially stressful. In the first few months of the pandemic, more than 14 million people lost their main source of income³⁷ and by January 2021, almost 9 million households were unable to pay their rent. People of color and low-income households were more likely to experience rental hardship and unstable housing during the pandemic.³⁸ In response to the housing insecurity renters experienced during the pandemic, federal, state, and local governments partnered on historic investments and protections for tenants and landlords.

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).³⁹ This law enacted a nationwide eviction moratorium and protected tenants who were unable to pay their rent in the first 5 months of the pandemic. The CARES Act moratorium expired in July 2020 but in September 2020 the CDC imposed another nationwide eviction moratorium. Just like with the CARES Act, renters who were at risk of eviction due to their inability to pay rent as a result of the pandemic were protected from eviction. Many states and localities supplemented these protections with their own moratoria and safe harbor periods where tenants would be protected from eviction if they were taking steps to find rental assistance. In 2021, 130 new renter protections were enacted in states and localities around the country.⁴⁰ While the federal eviction moratoriums have expired, there are still local and state protections that are critical in keeping tenants in safe housing.

In addition to eviction protections, Congress invested significant sums in the Fiscal Year 2021 Consolidated Appropriations Act⁴¹ and American Rescue Plan Act⁴² to help renters with unpaid rent and utilities that might have accumulated during the pandemic. The cornerstone of this investment was the Emergency Rental Assistance Program that allocated more than \$46 billion to states and localities to give direct payments to landlords whose tenants were unable to pay their rent or utilities.⁴³ This investment has helped millions of households' clear debt accrued during the pandemic and remain in their homes.⁴⁴ The 2021 Consolidated Appropriations Act and American Rescue Plan also included more than \$5 billion to support Housing Choice Vouchers. These vouchers allow households to find safe and affordable housing in their community. Local Public Housing Authorities are able to administer approximately 80,000 new vouchers to people experiencing homelessness or at risk of losing their homes.⁴⁵

³⁷ Bureau of Labor Statistics. 14.6 million private sector jobs lost during second quarter 2020. (2021). Retrieved from <https://www.bls.gov/opub/ted/2021/14-6-million-private-sector-jobs-lost-during-second-quarter-2020.htm>

³⁸ Consumer Financial Protection Bureau. "Housing insecurity and the COVID-19 pandemic." (2021). Retrieved from https://files.consumerfinance.gov/f/documents/cfpb_Housing_insecurity_and_the_COVID-19_pandemic.pdf.

³⁹ Public Law 116-136

⁴⁰ Vasquez, Jade, Alayna Calabro, Kim Johnson, and Sarah Gallagher. "Tenant Protections and Emergency Rental Assistance During and Beyond the COVID-19 Pandemic." National Low Income Housing Coalition. (2022). Retrieved from https://nlihc.org/sites/default/files/Tenant-Protections_Emergency-Rental-Assistance-during_beyond_COVID-19_Pandemic.pdf?utm_source=NLIHC+All+Subscribers&utm_campaign=903a5d511f-report_01202022&utm_me.

⁴¹ Public Law 116-260

⁴² Public Law 117-2

⁴³ United States Department of the Treasury. Emergency Rental Assistance Program. Retrieved from <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program>

⁴⁴ United States Department of the Treasury. Emergency Rental Assistance Program. Retrieved from <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/emergency-rental-assistance-program/reporting>

⁴⁵ Campaign for Housing and Community Development Funding (2021), Retrieved from https://nlihc.org/sites/default/files/CHCDF_Webinar_FY22_042921.pdf

Federal Assistance to State and Local Governments

The largest form of federal assistance to state and local governments is not a direct expenditure but a tax credit. The **Low-Income Housing Tax Credit (LIHTC)** provides financial incentives for the development of low-income housing by allocating credits to state housing finance agencies. The agencies award the credits to developers who agree to build or rehabilitate housing that is partially targeted to low-income households. LIHTC-alone, though, does not target extremely low-income households and there is a time limit of between 15 and 30 years, depending on the development, that properties are required to remain affordable. Between 1987 and 2019, 3.34 million homes have been financed using LIHTC.⁴⁶ While popular among developers, LIHTC is often unable to reach the neediest households on its own and its complexity creates significant administrative costs in development.

The federal government also works with state and local governments to finance **Mortgage Revenue Bonds**. State or local governments sell bonds to investors and use the proceeds of the bond sales to finance home mortgages for eligible, typically first-time, homebuyers.

Outside of the tax code, the federal government provides a host of block grants for state and local governments to administer for affordable housing. These block grants, in particular, have been a target for Republican spending cuts since the 1980s. Funding levels have steadily declined even as needs have increased.

The **Community Development Block Grant (CDBG)** program is one of HUD's most popular and flexible programs. Local governments use CDBG to fund affordable housing, public works projects, urban improvements, historic preservation, and community services—provided that at least 70% of funds are used to benefit low- and moderate-income communities. The **HOME Investment Partnerships** program is another block grant that can be used for the rehabilitation of owner-occupied housing, homebuyer assistance, rental housing construction, or the provision of rental assistance.



Construction on public housing development

Other programs include the **Housing Trust Fund**, which assists in constructing housing for the lowest-income households but has only been funded since 2016, the **Housing for Opportunities for Persons with AIDS (HOPWA)** program, and the **Native American Housing Block Grant** program that provides affordable housing on Indian reservations and Indian areas.

First established in 1987 in the Stewart B. McKinney Homeless Assistance Act (Pub. L. 100-77) **Homeless Assistance Grants** fund emergency housing and services for people experiencing homelessness. This program includes Emergency Solutions Grants to be distributed to local communities to fund emergency shelter and related services as well as Continuum of Care

⁴⁶ United States Department of Housing and Urban Development. Low-Income Housing Tax Credits, Low-Income Housing Tax Credits (2021). Retrieved from <https://www.huduser.gov/portal/datasets/lihtc/property.html>

funds to be competitively distributed for transitional housing, permanent supportive housing, and other wraparound services.

Homelessness

On any given night, nearly 580,000 people experience homelessness.⁴⁷ While homelessness has declined nearly 10% nationwide since 2007, many cities still have seen notable increases in homelessness.⁴⁸ The United States has found some success from targeted policies toward Veteran homelessness and the chronically homeless (defined as those who have disabling conditions who have either experienced continued homelessness for the last year or experienced homelessness four separate times in the previous three years). These populations had reductions in homelessness of 39% and 35%, respectively since 2007.⁴⁹ Between 2007 and 2020, homelessness among families with children fell by more than 27% while the number of people experiencing homelessness as individuals barely declined by less than 1%— though the overall number of people experiencing homelessness declined by 10.5%.⁵⁰

This shows that while there has been a degree of progress in targeted areas, there remains a significant need to supplement the existing targeted efforts with a broader guarantee that all individuals have access to safe shelter and housing.



Person Experiencing Homelessness

Despite nationwide declines, some cities have had increases in the number of people experiencing homelessness, particularly on the west coast which accounts for a disproportionate share of the country's homeless population. Differences in local housing market conditions and policies help explain the variations in homelessness rates across the country. Studies show that areas with high housing costs have higher rates of homelessness.⁵¹ Likewise, areas with high amounts of housing assistance for very low-income renters are associated with lower rates of homelessness.⁵²

To reduce the number of people experiencing chronic homelessness, many localities have implemented “housing first” programs. These programs provide people in permanent supportive housing immediately, rather than require an arduous multi-step process with prerequisites and conditions before providing housing. Studies show that supportive housing has high rates of retention, reduced homelessness and housing instability, and fewer hospital stays.⁵³ The funding spent on providing supportive housing results in a reduction in services used that is nearly as much as the cost of providing supportive housing.⁵⁴

While homeless assistance funding has increased by nearly \$1 billion in the past decade, many communities still lack necessary resources. Even with this funding increase, the United States has a shortage of 201,814 temporary beds for individuals experiencing homelessness.⁵⁵

⁴⁷ 2020 HUD Point In Time Count: https://files.hudexchange.info/reports/published/CoC_PopSub_NatlTerrDC_2020.pdf

⁴⁸ National Alliance to End Homelessness. State of Homelessness: 2021 Edition. (2021) Retrieved from <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-2021/>

⁴⁹ Ibid

⁵⁰ Ibid

⁵¹ Early, Dirk W, and Edgar O Olsen. “Subsidized Housing, Emergency Shelters, and Homelessness: An Empirical Investigation Using Data from the 1990 Census.” *The B.E. Journal of Economic Analysis & Policy*, vol. 2, no. 1, Aug. 2002, 1–36.

⁵² Ibid

⁵³ Culhane, Metraux, Hadley, University of Pennsylvania, *Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing*, 2002.

⁵⁴ Ibid

⁵⁵ National Alliance to End Homelessness. (n.d.). State of Homelessness 2021 Edition. Retrieved from <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-2021/>

Housing Finance

The federal government helps with financing home purchases and provides tax benefits for existing homeowners. Consistent with the federal government's history of providing unequal benefits and perpetuating cycles of poverty, the largest federal expenditure for housing is the **Mortgage Interest Deduction**, commonly used by wealthier taxpayers. This benefit allows homeowners to deduct the interest paid on their mortgage from their taxable income, if they itemize their taxes. Fewer than 13% of taxpayers itemize⁵⁶ and more than 73% of taxpayers that itemize have incomes greater than \$100,000.⁵⁷ The deduction was not initially intended to be a housing-related tax provision, but it survived the changes to the tax code in the last century and is now estimated at a more than \$25 billion annual expenditure primarily for upper-income Americans.⁵⁸

Today, 17% of home mortgages are insured by the **Federal Housing Administration (FHA)**,⁵⁹ which was created to insure private lenders against losses on certain home mortgages. FHA's share of the home purchase market fluctuates during economic cycles from as low as 4.5% in 2005 to as high as 32.6% in 2009.⁶⁰ As mentioned, these programs also have a deep, unsettling history of racial discrimination. The federal government also insures mortgages made by private lenders to veterans through the **Department of Veterans Affairs Home Loan Guarantee program**. The total number of VA-insured mortgages has steadily increased since 2005 and currently accounts for approximately 12% of all home mortgage purchases as of 2021.⁶¹ Finally Department of Agriculture administers the **Section 502 Rural Housing Loan Program** to guarantee private loans to low- and moderate-income rural residents.

The impact of the racial animus evident in early housing finance programs has clear consequences today. Homeownership rates for non-Hispanic white households are 30% higher (74%) than rates for Black households (44%) and Hispanic households (48.3%).⁶² More than 50 years after the Fair Housing Act was enacted, the racist policies of the past continue to contribute to societal inequities.

⁵⁶ *Overview of the Federal Tax System as in Effect for 2021* (JCX-18-21, p. 4). (2021). Washington, DC: Joint Committee on Taxation.

⁵⁷ *Overview of the Federal Tax System as in Effect for 2021* (JCX-18-21, p. 44). (2021). Washington, DC: Joint Committee on Taxation.

⁵⁸ *Estimates of Federal Tax Expenditures for Fiscal Years 2020-2024* (JCX-23-20, p. 30). (2020). Washington, DC: Joint Committee on Taxation.

⁵⁹ Department of Housing and Urban Development. *FHA Single-Family Market Share* (2021, pg. 4). Retrieved from <https://www.hud.gov/sites/dfiles/Housing/images/FHASFMarketShare2021Q3.pdf>

⁶⁰ *Ibid.*

⁶¹ Department of Veterans Administration. *Veterans Benefits Administration Annual Benefits Report* (2020). Retrieved from https://www.benefits.va.gov/REPORTS/abr/docs/2020_ABR.pdf

⁶² United States Census Bureau. (2021). *Housing Vacancies and Homeownership by Race and Ethnicity of Household* (United States of America, United States Census Bureau), Table 16.

THE PATH FORWARD

The Path Forward: Bold, Transformative Solutions

After decades of underinvestment and more than two centuries of discrimination, the federal government must recommit to the partnership on housing. We can't afford to work on the margins while another generation struggles to find an affordable place to live. The following section provides a menu of public policy options the federal government could take to meaningfully address this crisis. The menu includes five categories: Public Housing, Homelessness, Renter Relief, Equitable Homeownership, and Fair Housing. Alongside these proposals, we must maintain our commitment to funding existing affordable housing programs and providing ongoing preservation and funding options so housing providers can adequately prepare for the future. We must go beyond providing housing and provide quality housing that is built sustainably, located in green neighborhoods and walking distance of mass transit, and provides access to schools, job centers, healthcare, and healthy food.

As some of these policies are implemented, the necessity for others may become more or less pronounced; we must consider the interplay between solutions. I am not proposing that the federal government enact all of these at once, rather I am providing a range of options to improve conditions for different aspects of the housing crisis.

The housing crisis and its connection with systemic racism calls for ambitious policy solutions. Housing is a human right and essential for individual wellbeing. The federal government subsidizes food assistance and health care to those who are eligible because it is essential for individual wellbeing—the same should be done for housing.

BOLD, TRANSFORMATIVE SOLUTIONS: PUBLIC HOUSING

Quadruple Public Housing Capital Funding to \$20 billion a year to fully fund all existing capital needs, and anticipate upcoming needs, within four years. The Public Housing program was underfunded for decades before Congress placed a limit on new construction. The Public Housing Capital Fund is underfunded by more than \$70 billion.⁶³ Though federal appropriated funds for Fiscal Year 2021 provided \$2.75 billion to the capital fund, annual maintenance costs accrue at a rate of \$3.6 billion a year, outpacing available funds and adding to the continually increasing backlog.⁶⁴ As a result, public housing residents are faced with kitchens, bathrooms, and windows in need of replacement or repair, unaccommodating conditions for persons with disabilities, energy and water efficiency needs, and unsafe levels of lead paint. Yet for the past decade, annual funding has averaged less than one-tenth of documented needs. I secured \$65 billion for the Public



⁶³ National Low Income Housing Coalition. (2019, October 17). Public Housing: Where Do We Stand? Retrieved from <https://nlihc.org/resource/public-housing-where-do-we-stand>

⁶⁴ Campaign for Housing and Community Development Funding. Funding Opportunities for Affordable Housing and Community Development. (2021). Retrieved from https://nlihc.org/sites/default/files/CHCDF_Webinar_FY22_042921.pdf

Housing Capital fund to support the development and revitalization of affordable housing in the Build Back Better Act and will continue to fight to ensure that public housing receives the funding needed to remain in a state of good repair.

BOLD, TRANSFORMATIVE SOLUTIONS: HOMELESSNESS

Treat Housing as a Human Right and Guarantee the Right to Shelter: New York City is known for having some of the highest costs of living in the nation and has a larger population of people experiencing homelessness than many West Coast cities. However, far fewer people are forced to sleep outside on the street. This is the result of the city’s “right to shelter” law, which compels that NYC provide emergency shelter to every unhoused person, requiring the city to invest significantly in additional shelter space. A “Right to Shelter” can be viewed as a component within a broader “Right to Housing” policy and rooted in this approach is the understanding that everyone deserves the right to adequate housing and shelter, and this responsibility falls to the government when individuals are unable to secure this basic need for themselves.

Provide the Housing Trust Fund with \$15 billion and invest a minimum of \$5 billion annually. The Housing Trust Fund provides funding for states to use for affordable housing activities, with an emphasis on producing rental housing for extremely low-income households. While established in 2008, the Housing Trust Fund has only received \$965 million in funding and disbursed \$528 million through 2021.⁶⁵ I am working to provide \$15 billion to the National Housing Trust Fund to address the backlog of repairs and ensure the creation of homes that are affordable to the lowest income households.

Repeal the Faircloth Amendment. Congress enacted the “Faircloth Amendment” to limit new public housing construction after decades of underfunding and neglect. The amendment makes it illegal for Public Housing Authorities to construct new public housing if it would increase the number of homes owned, assisted, or operated as of October 1, 1999 (when the United States had 60 million fewer people). As a result, public housing stock has steadily declined since 1999 as Public Housing Authorities have demolished or disposed of public housing without fully replacing them and Congress hasn’t allowed for new construction. In July 2020, Rep. Alexandria Ocasio Cortez and I worked to introduce and pass an amendment in the House of Representatives to repeal the Faircloth Amendment.

Create a new “Public Housing Construction Fund” to construct 9.5 million homes to fully cover the national public housing waitlist and expand public housing eligibilities so it is not only the lowest-income members of society living in this setting. Today, there are approximately 1.7 million people living in public housing and nearly one million public housing

⁶⁵ U.S. Department of Housing and Urban Development. PR110 HTF - Production Report. (2021). Retrieved from https://files.hudexchange.info/reports/published/HTF_Prod_Natl_20211130.pdf

units available.⁶⁶ Public housing's peak was in the mid-1990s, where there were more than 1.4 million homes.⁶⁷ This decline, combined with a shortage of affordable homes in the market, has led to a demand for public housing that is greater than the supply. Waiting lists can be several months, or even years. Recent estimates found 1.6 million people on public housing waitlists and only 4% of housing authorities reporting no people on the waitlist, leading to wait times 28 months nationally and up to 8 years in some areas⁶⁸ While the federal government should ensure that resources are going toward the most vulnerable populations first, new investments should not segregate lower-income communities by concentrating poverty into one building or community.

Provide federal funding incentives and technical assistance for states to enact “Housing First” policies. The “Housing First” model provides permanent supportive housing to people experiencing homelessness. Rather than requiring people experiencing homelessness to address all of their behavioral health challenges before being housed, it provides a place to sleep



Tent city, Portland, Oregon

and wraparound services to provide housing stability. Providing supportive housing costs communities the same, or potentially even less, because housed people have reductions in shelter use, hospitalizations, length of stay per hospitalization, and time incarcerated.⁶⁹ The federal government can capture these savings and apply them to further reduce homelessness. I helped secure language in the CARES Act that required HUD to prevent any housing provider using appropriated ESG funds from requiring

people experiencing homelessness to receive treatment or perform any other prerequisite activities as a condition for receiving shelter, housing, or other services

Invest \$100 billion in federal homeless assistance funding to drastically reduce homelessness. While the number of people experiencing chronic homelessness nationwide has decreased in the last decade, there are still more than 110,000 chronically homeless individuals.⁷⁰ Individuals account for 70% of people experiencing homelessness.⁷¹ In many areas there aren't enough beds. The United States has a shortage of 201,814 temporary beds for individuals experiencing homelessness.⁷² Investing \$100 billion for Homeless Assistance Grants, which include Emergency Solutions Grants and Continuums of Care, will provide the required resources to drastically reduce homelessness for individuals and the chronically homeless. I secured

⁶⁶ United States Department of Housing and Urban Development. *Assisted Housing: National and Local*. (2021). Retrieved from <https://www.huduser.gov/portal/datasets/assths.html#2009-2021>.

⁶⁷ Congressional Research Service. (2019, March 27). Overview of Federal Housing Assistance Programs and Policy, 40.

⁶⁸ Center on Budget and Policy Priorities. (2021, July). Families Wait Years for Housing Vouchers Due to Inadequate Funding. Retrieved from <https://www.cbpp.org/sites/default/files/7-22-21/hous.pdf>

⁶⁹ Culhane, Metraux, Hadley, University of Pennsylvania, *Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing*, 2002.

⁷⁰ National Alliance to End Homelessness. (n.d.). State of Homelessness 2021 Edition. Retrieved from <https://endhomelessness.org/homelessness-in-america/homelessness-statistics/state-of-homelessness-2021/>

⁷¹ Ibid.

⁷² Ibid.

significant investments to reduce homelessness in the COVID-19 relief packages. The CARES Act included \$4 billion for the Emergency Solutions Grant (ESG) program to help communities fund shelters expansions, secure hotel rooms, and accelerate placing individuals into permanent housing to mitigate the spread of COVID-19.⁷³ I also worked to secure \$5 billion for the HOME program in the American Rescue Plan Act of 2021 and continue to focus on providing an additional \$7.1 billion for this program in the Build Back Better Act.⁷⁴ This HOME program funding is designed to help municipalities serve people experiencing or at risk of homelessness, or survivors of domestic violence and human trafficking.

Permanently authorize and increase funding for the United States Interagency Council on Homelessness. Created in 1987, the United States Interagency Council on Homelessness (USICH) is charged with coordinating the federal response to homelessness across its 19-member agencies. USICH was most recently reauthorized through 2028 but only provided \$3.8 million in funding for Fiscal Year 2020.⁷⁵ The federal response to homelessness should not be temporary. We need a permanent and robust commitment to reducing homelessness. I strongly support Rep. Maxine Waters' Ending Homelessness Act of 2021, which would permanently authorize USICH and provide stability to the federal homelessness response.

Expand the Legal Services Corporation for unjust evictions, target \$1 billion toward eviction protection, and prevent unjust evictions during public health crises. The Legal Services Corporation (LSC) is a private, nonprofit, federally funded entity that provides legal assistance for low-income people in civil matters. Local legal service providers are only permitted to provide legal assistance in eviction cases if the eviction was based on drug-related activities, not other forms of discrimination. While the legal representation of landlords in some regions is as high as 85% to 90%, most tenants lack legal representation in eviction cases.⁷⁶ New York, Los Angeles, and Seattle have all found close links between evictions and homelessness. Prevention is the best way to reduce homelessness. The pandemic made clear the need for eviction protections and counsel. The eviction moratorium in the CARES Act, providing protection to renters from being forced to vacate during COVID-19 has been helpful, as has the \$100 million for housing counseling in the American Rescue Plan targeted at organizations providing services to communities with minority and low-income populations. I worked with Rep. Cori Bush and Sen. Elizabeth Warren to introduce Keeping Renters Safe Act of 2021, which would grant permanent authority to the Department of Health and Human Services to implement resident evident moratoriums during COVID-19 and future public health crises. Even with the influx of relief and additional protections, far too many renters were still faced with unjust evictions during the COVID-19 pandemic. There is a continued need for adequate advice and counsel, as many don't understand their rights under housing laws and can often be exploited. It is critical that we protect the rights of some of our most vulnerable citizens from arbitrary and sometimes illegal practices.

⁷³ Public Law 116-136

⁷⁴ Public Law 117-2

⁷⁵ Public Law 116-94.

⁷⁶ Engler, R. (2009). Connecting Self-Representation to Civil Gideon: What Existing Data Reveal About When Counsel is Most Needed. *Fordham Urban Law Journal*, 31(1), 2nd ser., 47. Retrieved from <https://pdfs.semanticscholar.org/d3c9/93514b2a0b2d7e4278766d61ca33b0a4ea08.pdf>.

Expand the federal definition of homelessness to better quantify and deliver services to people experiencing all types of homelessness. Adequately fund homelessness counts to include not just those who are visible and unsheltered or sheltered, but anyone who lacks a fixed, regular, and adequate nighttime residence. This includes individuals who are institutionalized in hospitals, jails, prisons, doubled-up in another person’s residence, or temporarily living in hotels. These additions are particularly important for communities of color, who are more likely to have multigenerational or multifamily homes. The data provided should be disaggregated by race and ethnicity.

BOLD, TRANSFORMATIVE SOLUTIONS: RENTER RELIEF

Make Section 8 Housing Choice Vouchers an entitlement program to cover everyone eligible. Housing Choice Voucher waitlists in some areas can be months, or even years. Over time, the number of Section 8 vouchers subsidized by the federal government has grown while the total number of homes the federal government subsidizes has shrunk.⁷⁷ This leaves very and extremely low-income families with few options. Nearly 50% of Housing Choice Voucher waiting lists are closed and there are more than two million families waiting for Section 8 Housing Choice Vouchers.⁷⁸ Like food assistance, Medicaid, and Medicare, the federal government should provide housing for anyone eligible. Fully funding housing choice vouchers is a critical key to ensuring communities have the tools they need to provide a continuum of housing options as part of their strategy to protecting the right to housing.

Create a Renter’s Tax Credit so low-income Americans don’t have to pay more than 30% of their income toward rent. Nearly half of renters are “cost-burdened,” paying more than 30% of their income in rent.⁷⁹ Nearly a quarter of all renters are “severely cost-burdened,” paying more than 50% of their income in rent.⁸⁰ A Renter’s Tax Credit would be available for households with incomes at or below 60% of area median income, refundable for those who have a low tax burden, provided on a monthly basis, and cover the difference between 30% of an individual’s income and HUD’s calculated small area fair market rent. This may appear as a large expansion of the social safety, but research suggests it can be implemented at a lower cost than food assistance. Stable housing is a critical determinant of health and can actually lower the cost of Medicaid, another entitlement program and large obligation for federal and state governments.

Expand the Low-Income Housing Tax Credit (LIHTC) program. The LIHTC program is a widely-used method of constructing affordable housing, particularly since the federal government shifted from construction to rental assistance. As of 2019, more 3.34 million

⁷⁷ Congressional Research Service. (2019, March 27). Overview of Federal Housing Assistance Programs and Policy, 33.

⁷⁸ Center on Budget and Policy Priorities. (2021, July). Families Wait Years for Housing Vouchers Due to Inadequate Funding. Retrieved from <https://www.cbpp.org/sites/default/files/7-22-21hous.pdf>

⁷⁹ Joint Center for Housing Studies of Harvard University. (2021). The State of the Nation’s Housing. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁸⁰ Ibid.

homes have been financed using LIHTC.⁸¹ The LIHTC program is capped at \$2.1825 per capita annually, with a minimum small population state allocation of \$3,217,500, limiting the number of affordable homes. Unfortunately, LIHTC also does not contribute to the development of deeply affordable units for extremely low-income renters. Non-profit, community owned affordable housing organization are particularly well equipped to ensure that the real estate wealth from these new capital housing investments, such as LIHTC, are used to build wealth among low-income households through affordable homeownership programs and community land trusts. Congress should double the national credit cap, stabilize the value of the 4% new construction credit, expand the value of credits available to projects serving extremely low-income populations, and provide tenant protections. Legislation to expand LIHTC was included in the

BOLD, TRANSFORMATIVE SOLUTIONS: EQUITABLE HOMEOWNERSHIP

House passed Build Back Better Act, including increasing the LIHTC allocation cap by 10% plus inflation from 2022 to 2024 and lowering the bond financing test requirements, both significant steps to allow for increased access to the housing tool.

Provide federal incentives for statewide caps on rent increases while maintaining a humane standard of housing. Nationwide, U.S. average rent has significantly increased over the last year, with reports showing an estimated rent increase of 12.1% nationally compared to 2020, and some metro areas such as New York, NY or Boise, ID have seen rates skyrocketed over 20% in the past year.⁸² Wages are not increasing as quickly. Nearly half of renters are “cost-burdened,” paying more than 30% of their income toward rent and a quarter of renters are “severely cost burdened,” paying more than half of their income toward rent.⁸³ To incentivize states to cap rent increases, Congress should reform CDBG’s allocation formula so communities receive additional funds for action to cap rising rents.

Triple funding for Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities. Today, HUD is only able to provide housing for one in three seniors who qualify for Section 202 assistance.⁸⁴ This program has been a longstanding target of congressional Republicans and was cut in half in 2011. While funding has since increased, it has not kept up with inflation over the last decade. With baby boomers retiring, there will be nearly 47 million household heads over 65, an increase of 20 million since 2015.⁸⁵ Likewise, housing discrimination against persons with disabilities accounted for 58.9% of

⁸¹ United States Department of Housing and Urban Development. Low-Income Housing Tax Credits, Low-Income Housing Tax Credits (2019). Retrieved from <https://www.huduser.gov/portal/datasets/lihtc.html#data>

⁸² Jeff Andrews. Zumper National Rent Report. (2021, December). Retrieved from <https://www.zumper.com/blog/rental-price-data/>

⁸³ Joint Center for Housing Studies of Harvard University. (2021). The State of the Nation's Housing. Retrieved from https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2021.pdf

⁸⁴ United States Department of Housing and Urban Development. *Department of Housing and Urban Development Congressional Justifications, Housing for the Elderly (Section 202) Fiscal Year 2022* (2021). Retrieved from https://www.hud.gov/sites/dfiles/CFO/documents/26_FY22CJ-HousingfortheElderlySection202.pdf

⁸⁵ Reina, V., Ph.D. (2019). The U.S. Needs a National Vision for Housing Policy. Retrieved from <https://repository.upenn.edu/cgi/viewcontent.cgi?article=1066&context=pennwhartonppi>

complaints in 2019⁸⁶ and HUD estimates that 13% of households with “worst-case” housing needs include a nonelderly person with disabilities, a disproportionate share compared to the United States’ population.⁸⁷ I secured assistance for these communities in the Build Back Better Act, including \$500 million each to help provide supportive housing and rental assistance for people with disabilities under Section 811 program and the elderly under the Section 202 program.

Restructure the Mortgage Interest Deduction to make it a credit, rather than a deduction. The Mortgage Interest Deduction allows for taxpayers who itemize their taxes and own their homes to reduce their taxable income by the amount of interest paid on their first and second home mortgages, up to \$750,000. The benefit is only available to people who itemize their tax returns. Fewer than 13% of taxpayers itemize their returns.⁸⁸ Of those that take the Mortgage Interest Deduction, more than 73% have incomes greater than \$100,000.⁸⁹ Converting the deduction to a tax credit at a rate of 15% of interest paid, would help spur homeownership for people of all income levels, not just the wealthy few.

Repeal the Mortgage Interest Deduction for the purchase of second homes. As mentioned, the Mortgage Interest Deduction allows for taxpayers who itemize their taxes and own their homes to reduce their taxable income by the amount of interest paid on their first and second home mortgages, up to \$750,000. The median household income of homebuyers purchasing a second home is more than 21.5% higher than that for people with one home.⁹⁰ With a shortage of seven million affordable homes for people with very-low incomes,⁹¹ the United States taxpayer should not be subsidizing the purchase of second homes. Regardless of this disparity, the federal government provides the same tax benefit for the purchase of first and second homes.

Create a new HUD “Restorative Justice Home Loan Guarantee Program.” This home loan guarantee program would be targeted toward frontline populations that are displaced, are at risk of displacement, or were systemically excluded from homeownership opportunities throughout the 19th and 20th centuries. The Restorative Justice Home Loan Guarantee Program would use the same loan guarantee levels as available under the VA Home Loan Guarantee Program, which successfully guaranteed more than 1,246,817 home loans in Fiscal Year 2020, a significant increase in loans compared to the roughly 600,000 loans issued in Fiscal Year 2019⁹²

Reinstate the First Time Homebuyer Tax Credit. Congress created a temporary First-Time Homebuyer Tax Credit after the recession to encourage low- and moderate-income

⁸⁶ National Fair Housing Alliance. *Fair Housing in Jeopardy*. (2020). Retrieved from <https://nationalfairhousing.org/wp-content/uploads/2020/09/NFHA-2020-Fair-Housing-Trends-Report.pdf>

⁸⁷ U.S. Department of Housing and Urban Development Office of Policy Development and Research. (2021, July). Worst Case Housing Needs 2021 Report to Congress. Retrieved from <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs-2021.pdf>

⁸⁸ *Overview of the Federal Tax System as in Effect for 2021* (JCX-18-21, p. 4). (2021). Washington, DC: Joint Committee on Taxation.

⁸⁹ *Overview of the Federal Tax System as in Effect for 2021* (JCX-18-21, p. 44). (2021). Washington, DC: Joint Committee on Taxation.

⁹⁰ FannieMae. (2014, April 7) *Second Homes: Recovery Post Financial Crisis* (2nd ed., Vol. 4). Washington, DC: FannieMae.

⁹¹ Aurand, A., Ph.D., MSW, Emmanuel, D., MSW, Errico, E., Pinsky, D., & Yentel, D., MSSW (2019, March). THE GAP: A Shortage of Affordable Homes. Retrieved from https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf

⁹² Department of Veterans Administration. Veterans Benefits Administration Annual Benefits Report (2020). Retrieved from https://www.benefits.va.gov/REPORTS/abr/docs/2020_ABR.pdf

households to become first-time homeowners. The incentive provided first-time homebuyers a tax credit of up to \$7,500 for the purchase of a first home. The credit was only available from 2008 to 2011 but could be reinstated given today's housing conditions. I recently introduced the First-

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Time Homebuyer Act to provide first-time homebuyers with a \$15,000 credit for the purchase of their first home. This is especially critical for communities of color, who have lower homeownership rates than white families.

Provide federal incentives for communities to end exclusionary zoning and allow for multifamily housing. It is illegal to build anything other than a single-family home on 75% of residential land in many American cities.⁹³ The Supreme Court struck down efforts to ban Black Americans from living in certain neighborhoods in 1917, but local officials promoted zoning ordinances to reserve middle-class neighborhoods for single-family zoning (which lower-income families of all races could not afford).⁹⁴ Today, fewer affordable homes are available near job centers, urban sprawl is degrading communities, and de-facto segregation is widespread. The same communities who were excluded from affluent areas by zoning are often ones that can't afford to pay rent or purchase a home today. To incentivize state action, Congress should reform CDBG's allocation formulas so communities receive additional funding for taking action to reform their zoning code.



Public Housing Protest. New Orleans, Louisiana, 2006.

Finalize Obama-era Affirmatively Furthering Fair Housing (AFFH) protections and require regular evaluations of anti-discrimination measures' effectiveness. The Fair Housing Act prohibited housing discrimination for protected classes. It also required that localities undo historic patterns of segregation, affirmatively further fair housing, and create more inclusive communities. The Obama administration proposed rulemaking to strengthen AFFH by improving the process by which communities analyze fair housing impediments. When Trump administration rescinded the Obama-era rule in July 2020, I worked with my colleague Rep. Alexandria Ocasio-Cortez to introduce and pass an amendment in the House of Representatives to block Trump's rescission. Since then, the Biden administration acted in June 2021 to reimplement the Affirmatively Furthering Fair Housing protections, but there is still the need for Congress to take action to ensure that these protections are codified into law.

⁹³ Badger, E., & Bui, Q. (2019, June 18). Cities Start to Question an American Ideal: A House With a Yard on Every Lot. *New York Times*. Retrieved from <https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html?searchResultPosition=3>

⁹⁴ Rothstein, R. (2017). *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright Publishing.

Improve the Fair Housing Act by prohibiting housing discrimination based on sexual orientation, gender identity, marital status, veteran status, immigration status, voucher status, and source of income. The Fair Housing Act (FHA) prohibits housing discrimination on the basis of race, color, national origin, religion, sex, familial status, or disability but landlords nationwide are not prohibited from discriminating on other factors. The Biden administration announced in February 2021 that the Department of Housing and Urban Development would begin to enforce the FHA to cover discrimination on the basis of sexual and gender identity. While these steps are important, it is still vital that Congress work to extend and codify these protections to cover other factors and traits often used as cause for discrimination such as income, veteran status, or military status.

Remove barriers to obtaining federal housing assistance for people with a criminal record and their families. The destructive impacts of the failed war on drugs, mass incarceration, and unequal policing practices on communities of color also affects their ability to secure and retain housing. While Public Housing Authorities and private landlords have the discretion to admit applicants with a criminal history, the existence of a criminal record can be enough to deny housing. Congress should ban “first-strike” policies that allow for tenant eviction for a single incident of criminal activity and ban “no-fault” policies where entire families can be evicted if one family member commits a crime without their knowledge.

Double Fair Housing Act enforcement funding. Congress first provided fair housing enforcement funding for state and local agencies in 1980, more than a decade after the Fair Housing Act passed. The Fair Housing Assistance Program (FHAP) funds HUD-certified state and local agencies to process complaints, increase capacity, train officers, and engage in special enforcement. Similarly, the Fair Housing Initiatives Program (FHIP) contracts or awards competitive grants to entities participating in fair housing enforcement. Funding for FHAP and FHIP has declined since its peak in 2012 despite the number of reported complaints nationwide has increased since 2013.⁹⁵ The most reported type of housing discrimination was discrimination against people with disabilities, which accounted for 58.9% of cases in 2019.⁹⁶ The American Rescue Plan provided an additional \$20 million to the Fair Housing Initiatives Program (FHIP) to support enforcement of fair housing complaints and to aid in tenant outreach and education. I will continue to fight to bolster this program with substantive assistance.

⁹⁵ Augustine, L., Cloud, C., Frost-Brown, S., Goldberg, D., Rice, L., Soto, J., & Williams, M.(2019). Defending Against Unprecedented Attacks on Fair Housing: 2019 Fair Housing Trends Report. Retrieved from <https://nationalfairhousing.org/wp-content/uploads/2019/10/2019-Trends-Report.pdf>

⁹⁶ National Fair Housing Alliance. *Fair Housing in Jeopardy*. (2020). Retrieved from <https://nationalfairhousing.org/wp-content/uploads/2020/09/NFHA-2020-Fair-Housing-Trends-Report.pdf>

CONCLUSION

Every day we are confronted with new evidence of how our world is so powerfully interconnected. The climate crisis, transportation, social and racial justice, and equity, all are interwoven with housing.

Affordable, accessible housing is a human right, even if American policymakers have been slow to acknowledge the fact. Everyone has to sleep somewhere tonight. As policymakers are unable to provide the necessary resources to lessen the burden, everyone bears the cost of inaction. One person's housing challenge affects families, social networks, healthcare, the environment, social services and more. It is past time that we treat housing affordability as the crisis that it is.

There have been countless efforts on the part of all levels of government to influence the disposition of land and provide incentives for certain people to make certain investments. Sadly, those investments are skewed toward those who need help the least, rather than traditionally marginalized communities who should have been beneficiaries of public investments.

Making up for decades of underinvestment and atoning for past wrongs is not going to be done easily and it won't come cheap. At the same time, a rigorous review of the money we are still spending and the price we are paying for failure, will demonstrate that these solutions are more affordable than initially thought.

We will only meet this challenge upon acknowledging the past and its impact on the present. We must give special attention to communities of color that were systematically discriminated against for centuries. This residual damage, and continuing discrimination today, necessitates a commitment to restorative justice in housing policy (and all other fields of public policy).

While some of these elements may appear radical or dramatic, I assure you they are within our political and fiscal capacity and are part of the ultimate solution. Our communities will not be livable until we deal with the housing needs of today and the failures and mistakes of the past. I hope this report helps inspire thoughts on the order of magnitude necessary to get this done.

